Nigeria Telecommunication Fact Sheet

United States Embassy in Nigeria

NIGERIA TELECOMMUNICATION FACT SHEET

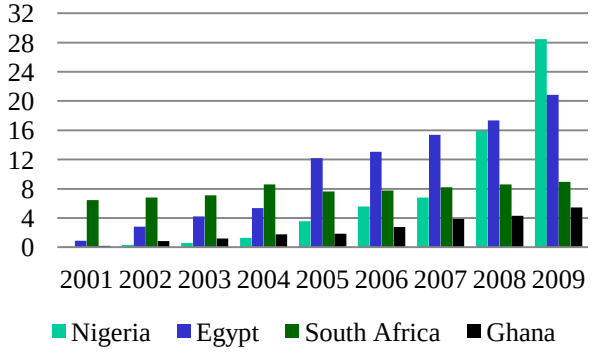
Industry Highlights

- The Nigerian information and communication technologies (ICT) sector has experienced high growth rates since its liberalization in 2003.
- This growth has been fueled by new entrants and the launch of mobile value-added and broadband services.
- The ICT sector grew by 6.7% with an estimated service revenue of $8.6 billion in 2010.
- The ICT Sector is forecast to have exceptional and continued growth with a population of over 150 million and mobile penetration at just 55.8% by year-end 2010.

Macro-economic Snapshot

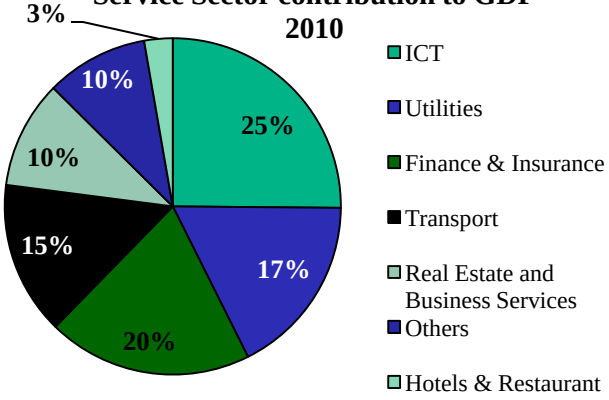
- Internet usage among Nigerians grew in leaps and bounds in 2008-2009; growing by 17% in 2008 and 23% in 2009.
- Nigeria had the most Internet users per 100 people on the continent of Africa in 2009.
- Nigeria has an internet penetration of 28% out of which only 9% are internet subscribers.

Internet Users (per 100 people)



- The ICT sector has contributed 8.2 percent to the nation's Gross Domestic Product (GDP) in 2010.
- The ICT sector is the fastest and most robust sector of the Nigerian economy, contributing more than the manufacturing, banking and solid minerals sectors combined.

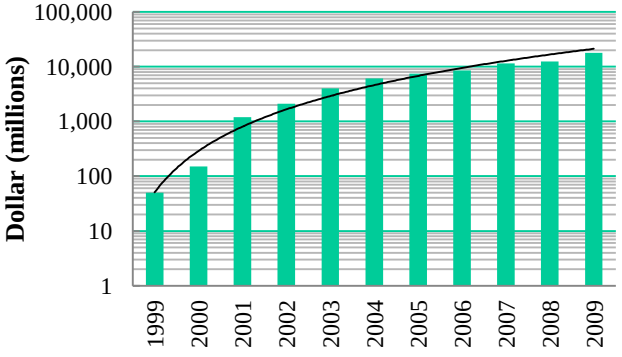
Service Sector contribution to GDP 2010



Investment

- ICT investment spiked 700% in 2001 and received double-digit growth every subsequent year.
- Investment rose by 31% to $18 billion in 2009.

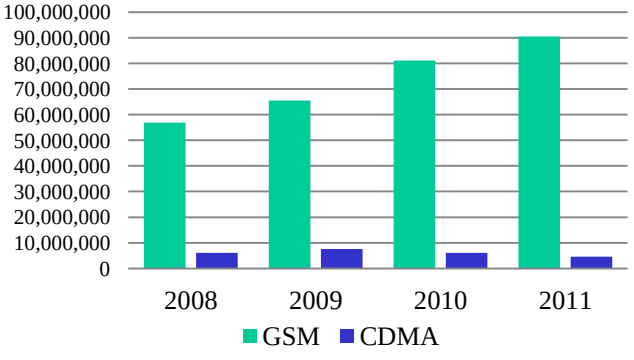
ICT Investment (in USD)



GSM vs. CDMA

- The GSM subscriber base is much greater than that of CDMA, with 99% percent of all users relying on the GSM platform in 2010.
- The CDMA subscriber base dropped by more than 15% from 2009 to 2010.
- The CDMA market is currently experiencing a consolidation with competition over a reduced subscriber base.

Active GSM and CDMA Lines

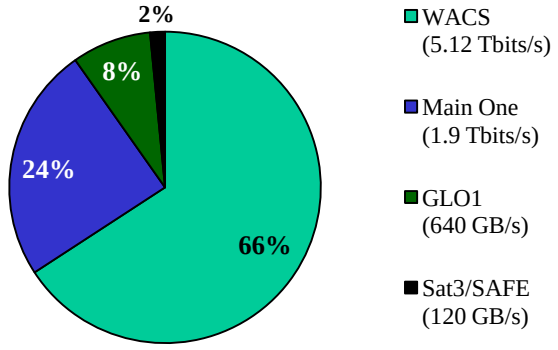


- Code-Division Multiple Access (CDMA) is any of several protocols used in second-generation (2G) and third-generation (3G) wireless communications.
- CDMA is a form of multiplexing, which allows numerous signals to occupy a single transmission channel, optimizing the use of available bandwidth.
- Global System for Mobile Communications (GSM) is a standard set developed to describe technologies for second generation (2G) digital cellular networks.
- The GSM standard originally described a digital, circuit-switched network optimized for full duplex voice telephony.

Infrastructure Development

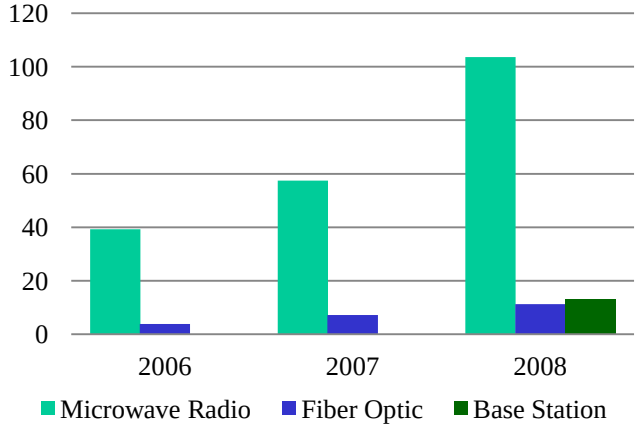
- Successful activation of the West African Cable System (WACS) would give integrated telecom leader, MTN the majority shareholder position in the fiber-optic cable market.
- Main One and Globacom would be closer competitors if the privatization of Nigeria Telecommunications Limited (NITEL) is awarded to Globacom.
- WACS is expected to come online in 2012.

Undersea Fiber-Optic Cable Capacity



- Microwave radio coverage was the most expansive last-mile coverage approach in 2006, 2007, and 2008.
- Base station coverage surpassed fiber optic coverage in 2008 and sizeable investments in base station capacity are expected in coming years.

Last Mile Infrastructure Development (1000 km)

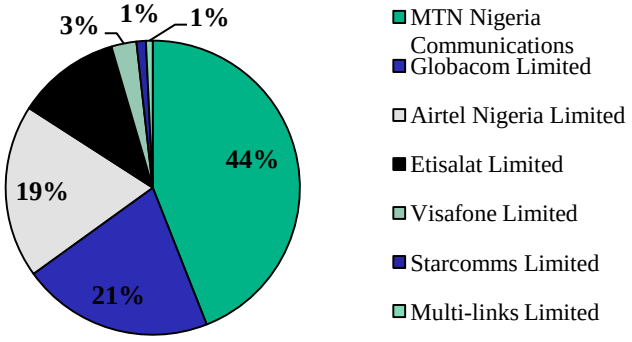


Players

- MTN Nigeria is the majority shareholder in the GSM subscribers market.
- Airtel is the latest entry into the market, having purchased Zain in 2010.

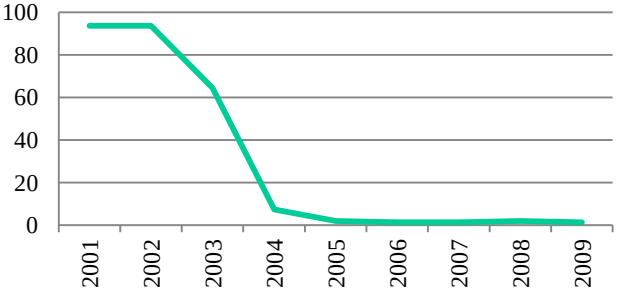
Pricing

GSM Players and Market Share 2011



- A subscriber identity module (SIM) is an integrated circuit that securely stores the service-subscriber key (IMSI) used to identify a subscriber on mobile telephony devices (i.e., cell phones and computers).
- The Nigerian market experienced its most notable drop in SIM card price in 2004, when the price of a card went from $67 to $7.
- Prices continue to drop, hovering above $1 in 2011.

Cost of a SIM Card in Nigeria



- Peak airtime minutes dropped from $0.31in 2003 to $.26 in 2004 and then again from $.27 in 2008 to $.23 in 2009 (U.S. subscribers pay as little as $0.20 for peak airtime minutes).
- ICT stakeholders anticipate that prices will further decline with the activation of the WACS cable.

Cost of Peak Airtime Minutes in Nigeria